

INDIANA



Farm Service Agency

Indiana State Newsletter • May 2003 • John D. Nidlinger, SED

Dear Friend,

I would like to welcome you to our new color format for the State Newsletter. As your State Executive Director, I am constantly looking for ways to enhance our communication with you. I hope you find this format much easier and appealing to read. Surprisingly the printing costs are some 55% less than our previous newsletters. We are also using Soy Ink, which should enhance the brightness and clarity of the print.

I personally want to "Thank" all of our County Office Staff around the State in completing the Base and Yield selections in a timely manner. The first phase of the new Farm Bill is behind us, and as demanding as it was, the Indiana FSA Staff performed "Above Expectations". You as landowners and farm operators also need to be complimented on your efforts to work through some difficult selections that will impact your farm for the next 6 years.

In the Farm Bill the Conservation Reserve Program (CRP) acreage is increased from 34 to 39.2 million acres. The CRP program has had a tremendous impact environmentally, removing acres from production that have environmental concerns. We will be holding a general sign up for CRP from May 5th thru May 30th. We also have a continuous CRP sign up that runs through September 30. Practices, available under this program include waterways, filter strips, riparian buffers, windbreaks, shallow water areas and wetland restorations. I encourage you to call your County Office if you have any questions.

Many areas of the State experienced abnormally poor growing conditions during one of the past 2 years. If you experienced a 35% or greater reduction in yield, you could very well qualify for the Disaster Program. We will begin sign up in early June for the Disaster Program. New this year for livestock producers is a Livestock Compensation Program (LCP). This program will assist producers with higher feed costs caused by drought conditions. Sign up for this program began in April and will run until June.

Last and not least, the Farm Bill makes it a requirement for each of you to report your acreage planted each year. We are currently starting certification of planted acreage and this must be completed for program eligibility. Your assistance in a timely certification will be appreciated.

John D. Nidlinger

Executive Director
Indiana Farm Service Agency





Milk Income Loss Contract Program (MILC)

The MILC program is available for all milk producers who have a risk in producing milk and make contributions of labor, management, equipment or capital to the dairy operation. The MILC program runs through September 30, 2005.

The maximum quantity eligible for payment is 2.4 million lbs per dairy operation per fiscal year. Dairy operations are defined as one operation per milk tank regardless if cows are owned separately, milk checks are issued separately, feed records are split, etc.

All parties involved in the dairy operation must sign the CCC-580 form and provide production records before MILC payments can be issued. If there are changes in dairy operation shares, number of members, etc., producers should contact the county office and complete CCC-580M so that future payments can be made correctly.

Information on these and other Price Support programs can be found at <http://www.fsa.usda.gov/dafp/psd/default.htm>

USDA Nondiscrimination Statement

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Loan and Loan Deficiency Payments

Before harvesting a crop that will be carried directly to market and control of the crop will be lost, you need to complete form CCC-709 to retain eligibility for a Loan Deficiency payment. If form CCC-709 is not completed before interest in the crop has been lost, any eligible LDP payment will be lost.

Form CCC-633LDP is used to request an LDP for grain stored on the farm or at a commercial elevator where the producer retains control, title and risk of loss for the crop.

Producers with 2002 corn, grain

sorghum, and soybeans still in storage may request a loan or LDP, if available, before May 31, 2003.

Reminder

Applying for a loan or LDP...

You must retain beneficial interest in the crop.

Marketing Authorization (CCC-681-1)

If grain is going to be sold, or is sold and needs to be moved to the elevator, a 15 or 30 day CCC-681-1 (Marketing Authorization Form) needs to be obtained. A call to the FSA office or a personal visit is all that is needed. Failure to obtain a marketing authorization, or moving grain outside the approval period of an authorization, is considered unauthorized disposition. Remember, moving grain off the farm is different from locking in a price on a CCC-697. The bottom line is, grain under loan is



required to have a marketing authorization before it is moved.

Unauthorized Disposition

If loan grain has been disposed of through feeding, selling or any other form of disposal without county office approval, it is considered unauthorized disposition. The financial penalties are severe and a producer's name will be placed on a loan violation list for a two-year period. Always call the office before any loan grain is fed or sold.

Crop Reporting

With continued low commodity prices, it is very important that producers continue to report their crops to FSA this year! Small grains such as wheat, oats and barley must be reported by May 31, 2003, in the southern half of the state and July 15, 2003, in the northern half of the state. If you are located in central Indiana, please contact your local office to determine the date that applies to you. All other crops must be reported by July 15, 2003, for the entire state.

Crop reporting is now a requirement for several programs; participants of the following programs should report all crops:

Direct And Counter Cyclical Program:

Certification is now mandatory for this program. Producers must certify all crops on all farms to remain eligible for program benefits.

Price Support Programs: To be eligible for loans and Loan Deficiency Payments (LDP's), a producer must report all crops for which loans or LDP's will be requested.

Conservation Reserve Program (CRP): To be eligible for annual rental payments for land enrolled in CRP.

Non-insured Assistance Program (NAP): The NAP program pro-

vides low yield assistance to producers who grow crops for which insurance is unavailable. To establish eligibility for these crops, producers must report all crops which may be affected by this program.

Tobacco: Legislation requires all farms with an effective quota greater than zero to report acreage planted to burley, including zero acres. County offices shall not issue MQ-76 or MQ-76-C unless a burley tobacco acreage report is on file for the farm.



If you feel you may participate in any of the mentioned programs, we encourage you to report all crops by previously mentioned deadlines, to avoid a late-filing fee. The late certification fee is \$20.00 for the first crop and \$5.00 for each additional crop on a per farm basis. Once your planting is completed, call the local FSA office to make an appointment to report crop acreages.



Farm Storage Needed?

If you are in need of on-farm grain or silage storage facilities, you should contact the Farm Service Agency for information on the Farm Storage Facility Loan (FSFL) program. Many vendors offer discounts during this time of year. Producers are cautioned, to file an application with FSA before starting site preparation or any construction if they intend to obtain a loan.

Eligible facilities must have a useful life of at least 10 years. Permanent affixed grain-handling equipment and grain drying equipment determined to be needed and essential to the proper functioning of a grain storage system and existing storage renovations are eligible for a FSFL.

The Current Interest Rate is 3.5% for Farm Storage Facility Loans.

Lamb Meat Adjustment Assistance Program

The Lamb Meat Adjustment Assistance Program (LMAAP) is designed to provide immediate financial assistance to sheep and lamb producers who have recently experienced low prices. The objective of the program is to help improve the marketability of lamb meat products. The LMAAP is in its fourth and final year. Slaughter, feeder, and ewe lambs may be eligible for LMAAP payments. Specific information concerning these 3 types of payments can be obtained at your local FSA county office.



Payment Eligibility and Limitation

Beginning with 2003, the individual, entity, or entity member is not eligible to receive certain program benefits if the average adjusted gross income exceeds \$2.5 million and less than 75% of your average adjusted gross income is derived from farming, ranching, or forestry operations.

USDA payments and benefits are subject to payment eligibility and limitation provisions. Although annual filing is not required, documents used to determine eligibility are reviewed on an annual basis. It is your responsibility to report changes in your operation that could affect eligibility and/or limitation, including renting a new farm, giving up a farm, buying or selling land or other changes. Entities such as corporations, limited liability companies, trusts and estates are required to provide names, addresses, and ID numbers of members.

Producers are "reminded" that no program benefits may be provided, until all the necessary payment limitation and payment eligibility determinations have been made. The producers will remain ineligible until all required forms for the specific farming operation are provided, to the county office.

The Status date is April 1, 2003. The status of individuals or entities on this date is used to determine the number of "persons" eligible for benefits for the 2003 program year.

Producers who are determined as "Not ACTIVELY ENGAGED IN FARMING" will be ineligible for: Direct and Counter Cyclical payments, gains from marketing loans and loan deficiency payments, CRP annual rental payments, and any payment or benefit requiring a determination of "ACTIVELY ENGAGED IN FARMING".

Other payment eligibility and limitation requirements to consider include:

- The producer or county committee may initiate payment eligibility and limitation determinations.

The Indiana Farm Service Agency State Committee



Left to right: Kenneth Culp Jr., Michael Schafer, Tamara Lawson, William Beiersdorfer and Travis Nolcox.

The Indiana State Committee is comprised of five individuals who work in conjunction with the State Executive Director to insure consistent and equitable delivery of farm programs administered by the Farm Service Agency. Members maintain cooperative relationships with the agribusiness community. **Tammy Lawson**, Chairperson, is involved in a 2000-acre farm operation growing corn, soybeans, and alfalfa.

Bill Beiersdorfer is an owner/partner in Beiersdorfer Orchard, which produces apples, peaches, pears, plums and cherries. **Travis Nolcox** has a diversified farm operation producing corn, soybeans, alfalfa, and timber. **Michael Schafer** is the owner-manager of a diversified family farm operation, which produces corn, soybeans, tobacco, and hay. **Kenneth Culp, Jr.** farms 1800 acres, raising corn, soybeans, beef cattle and farrow to finish swine operation.

- All producers are subject to end-of-year reviews to ensure operations are completed in the manner provided on your farm-operating loan.
- Spouses may be considered separate "persons" if the determination is requested and applicable requirements are met.
- A determination of not "actively engaged in farming" results in payment ineligibility.
- Adjusted gross income certification must be made for 2003 and future year payment eligibility for most programs.

Following are programs requiring payment eligibility or limitation determinations, including the maximum payment limitation:

- For wheat, barley, oats, corn, grain

sorghum, soybeans, and minor oilseeds:

- Direct and Counter-Cyclical Program (DCP)/Direct Payment-\$40,000
- DCP/Counter-Cyclical Payment-\$65,000
- Loan Deficiency Payment (LDP)/Market Grains-\$75,000
- Environmental Quality Incentive Program-\$50,000
- Conservation Reserve Program (CRP)-\$50,000
- Emergency Conservation Program (ECP)-\$200,000
- Noninsured Crop Disaster Assistance Program (NAP)-\$100,000
- MILC-no limitation; however, payments subject to 2.4 million pounds of production.

Noninsured Crop Disaster Assistance Program (NAP)

NAP provides financial assistance to eligible producers affected by natural disasters. Eligible crops include commercial crops and other agricultural commodities produced for food (including livestock feed) or fiber for which the catastrophic level of crop insurance is not available. NAP covers losses greater than 50% of your expected production at 55% of the average market price.

How to apply:

File form CCC-471 with the local FSA Office and pay the applicable service fee.

What does it cost?

\$100 per crop per county, or \$300 per producer per county, not to exceed \$900 per producer for all counties.

Deadline:

The application and service fee must be filed by the application closing date for the crop. There are various application closing dates throughout the year. Contact your local FSA Office or check out the FSA calendar on the Indiana FSA web site for the application closing date(s) specific to crops you are growing. Coverage cannot begin until 30 days after the coverage is purchased and the crop is planted.

Reporting crop:

To remain eligible for NAP, you must annually report the crop, including type and variety, crop location, producer shares in the crop, date planted, type of practice used and intended use (fresh, processed, etc.). Once harvested, the production must be reported.

What if the crop fails?

When a covered crop is affected by a disaster, **you must notify your local FSA office by completing a written Notice of Loss (CCC-576) within 15 calendar days after the natural disaster occurrence or the date the damage becomes apparent.** Don't lose out on potential benefits by failing to notify FSA at the time of the loss. The loss must be verified by an FSA inspection of the field(s) that suffered loss.

Reminder

FSA CAN ACCEPT SIGNATURES SUBMITTED BY FAX IF...

- FSA-237 is completed, signed, witnessed and filed in person with FSA before the document is faxed.
- The program document can be accepted by fax.
- All other signature requirements are met.

Have you responded to the 2002 Census of Agriculture?

Currently, the response rate for the Agriculture Census in Indiana is above the national average but still behind some neighboring Midwestern States. Thanks to all the farmers who have returned their census form and made Indiana a leader in the Nation's effort to provide data to farm and ranch organizations. These organizations rely on census facts to make decisions that affect farmers and others involved in agriculture. The last follow-up mailing was sent in late-March and unfortunately, some farmers have not responded. All operators, whether from a large or small operation are important. Every response is counted to provide accurate information about today's food and agriculture sector. The next phase of the data collection effort for the census of agriculture will include telephone follow-up to ensure that an accurate picture of the agriculture community is captured. Now that we have favorable weather, most farmers are busy in the fields. However, we urge farmers who have not returned their census form to do so or call the toll free number (1-888-424-7828), Monday through Friday, if they have questions regarding the agriculture census.

Direct and Counter Cyclical Program (DCP) Update



As of early May approximately 90% of Indiana's producers have made their Base and Yield Elections for the DCP program.

Producers who fail to obtain and return required signatures will have their farms defaulted to option 2. This option adds eligible oilseeds to existing PFC acreage base.

Producers are required to enroll each year to receive their DCP benefits. The deadline to enroll for 2002 and 2003 DCP benefits is June 2, 2003.

Producers will be subject to a late filing fee of \$100.00 per farm per year if they enroll after the June 2nd deadline.

Payments are being issued as producers are completing the sign-up process. The 2002 DCP Direct Payments are being adjusted to offset the amounts already paid for 2002 under the Production Flexibility Program. The 2002 and 2003 DCP Direct Payments are:

The 2002 Direct Payments are made in full at sign-up less any PFC. The 2003 payments are made in an advance payment of 50% at sign-up and the final is paid in October of 2003. Advance 2004 Direct Payments will be available in December of 2003.

Final 2002 and 2003 Counter Cyclical Payments (CCP) if earned will be paid at the end of the respective marketing years. These CCP payments are subject to average market prices received by producers throughout the marketing year for a specific crop and are not guaranteed. Advance CCP's are currently not authorized based on USDA price projections. The potential 2002 and 2003 CCP payment rates are:

Direct Payments	
Corn-	\$0.28
Wheat-	\$0.52
Soybeans-	\$ 0.44
Oats-	\$ 0.024

Counter Cyclical Payments	
Corn-	\$0.34
Wheat-	\$0.54
Soybeans-	\$ 0.36
Oats-	\$0.026



Farm Loan

TAKING CROPS OUT OF PRODUCTION

GENERAL CRP SIGN-UP STARTS MAY 5th AND ENDS MAY 30th

Secretary Ann M. Veneman announced general CRP Sign-up 26 on Earth Day. The Conservation Reserve Program protects millions of acres of American topsoil from erosion and is designed to improve the nation's natural resources base. Producers, who are considering enrolling in the Conservation Reserve Program (CRP), can submit their application beginning May 5, 2003. Farm Service Agency (FSA) offices will conduct CRP sign-up 26 from May 5th through May 30th. Program participation is voluntary, and allows producers to be reimbursed for preserving environmentally sensitive lands by enrolling agricultural ground for periods of 10 to 15 years. In addition to the annual rental payments, farmers can receive up to 50% of the cost for establishing approved vegetative covers on the land.

The 2002 Farm Bill has authorized CRP enrollment to increase from 34 million acres to 39.2 million acres nationwide. Indiana currently has 230,200 acres enrolled in the general CRP program. FSA will receive and rank CRP enrollment offers based on

The Farm Service Agency has various loan programs available to eligible farmers who operate family-size farms. Through both our guaranteed and direct loan programs, we are able to assist farmers who are temporarily unable to obtain private or commercial credit. Eligible applicants must have had recent farming experience and acceptable credit history. These programs may be of assistance to beginning farmers who have farmed less than 10 years and/or established farmers. FSA loans can be tailored to a producer's needs. All applicants must have adequate debt repayment ability and sufficient collateral once the loan is closed.

Farm Ownership (FO) Loans

Eligible applicants may obtain direct loans up to a maximum indebtedness of \$200,000 and up to \$762,000 for guaranteed loans. The maximum repayment term is 40 years; however, most guaranteed loans do not exceed 25 years. Loan funds may be used to purchase farm real estate, to enlarge an existing farm, or to construct new

farm buildings and/or improve structures, and to improve the environmental soundness of the farm.

Direct FO loans may only be used to refinance a short term bridge loan that was obtained after the direct FO loan was approved and for which FSA funds were unavailable. Guaranteed FO loans are less restrictive in refinancing existing debts.

Youth Loans

Through the Youth Loan program, we can assist eligible rural youth with loans to establish and operate an income-producing project in conjunction with 4-H, FFA or another supervised youth program. Youth Loans provide an excellent opportunity for youths to establish their own farming operation, while at the same time helping them to learn financial management and build a solid credit history. Youth loans can be used to raise a small crop, purchase cattle or equipment, or start a new enterprise (such as lawn mowing). To be eligible, the individual must be between the ages of 10 and 20, just have the

each parcel's Environmental Benefits Index (EBI). FSA program experts at USDA Service Centers will explain to producers the EBI point system that can enhance the environmental value of an offer based on various practices that can be applied to the land. Decisions on the EBI cutoff level will

be made after the sign-up ends, and successful applicants will be notified of contract acceptance/rejection. New contracts will begin on October 1, 2003 or 2004. For additional information, interested producers should contact their local FSA office for more program details.

AFIDA

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires foreign investors who acquire, transfer, or hold interest in U.S. agriculture land to report these holding and transactions to the Secretary of Agriculture through FSA. Reports are due within 90 days of the transaction or change in status. Failure to report could result in a fine of 25% of the property's value.

Minority and Socially Disadvantaged Farmer Assistance

The Farm Service Agency has established the office of Minority and Socially Disadvantaged Farmers Assistance to work with minority and socially disadvantaged farmers who have concerns and questions about loan applications filed with local offices.

Programs

permission of their parents, and the recommendation of a project advisor. Loan maximum is \$5,000 per person for 7 years.

Socially Disadvantaged Loan Program

FSA reserves funds to make loans to socially disadvantaged applicants to buy and operate family-sized farms. Socially disadvantaged groups have been defined as women, Hispanics, Native Americans, African Americans, Asians, and Pacific Islanders.

Individuals, partnerships, joint operations, and cooperatives primarily and directly engaged in farming on family-sized operations may apply for any of the above loan programs.

Farm Operating Loans

Eligible applicants may obtain direct loans up to a maximum \$200,000, and guaranteed loans up to a maximum indebtedness of \$762,000. Loans for annual operating expenses are generally repaid within 12 months or when the commodities produced

are sold. Operating loans may also include uses such as the purchase of livestock, machinery and equipment, real estate repairs, and refinancing debt. These types of loans are for a period of 1 to seven years, depending on the life of the security.

Emergency Loans

Emergency loans help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine. Some 87 counties in Indiana are eligible for EM loans due to production losses associated with the drought in 2002. Producers who suffered a 30% production loss in any one commodity may qualify for a low interest emergency loan. Check with your local FSA office for counties included in this or any other designation.

April Loan Rates

Operating Loans-3.25%
Ownership Loans-5.375%
Emergency Loans-3.50%

LDP Program Available for Unshorn Wool Pelts

The 2002 Farm Bill contained provisions for LDP's (Loan Deficiency Payments) for eligible producers of non-graded wool in the form of unshorn pelts for 2002 through 2007 crop years.

Basic program provisions:

- ✓ Producer must own unshorn lambs at least 30 days prior to slaughter.
- ✓ Producer must have beneficial interest (risk, title, control) in the unshorn lambs at time of application.

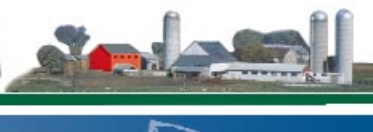
- ✓ The unshorn pelt must be produced from a lamb of domestic origin.
- ✓ The final availability date to apply for unshorn pelt LDP's is January 31 of the year following the year the pelts are produced.
- ✓ LDP's are based on a standard weight of 6.865 lbs per pelt.
- ✓ LDP rates are announced on a weekly basis.

Additional information can be obtained at you local FSA county office.



Continuous CRP Signup 27 Starts May 5, 2003!

Beginning May 5, 2003 running through September 30, 2003 the Farm Service Agency will be conducting a continuous CRP signup in each of the local USDA Service Centers. Available to all eligible landowners and operators, Continuous CRP affords participants the opportunity to enroll acreages in practices such as waterways, filter strips, riparian buffers, windbreaks, shelterbelts, shallow water areas and wetland restorations. These practices provide multiple benefits including water quality, soil erosion and wildlife. Generally, practices are on small acreages, but deliver high environmental impacts. Land enrolled receives annual rental payments disbursed each October following enrollment. Contract periods vary by practice, ranging from no less than 10-years not to exceed 15-years, according to statute. Certain practices have incentive payments currently available upon contract approval and practice implementation. Incentive payments for specific practices include a Signing Incentive and Practice Incentive. The one-time Signing Incentive calculates as \$10 times the contract length in full years times the acreage enrolled. The Practice Incentive is equal to 40-percent of the total eligible practice cost. Again, these incentives are available for specific practices. Any person interested should consult the local FSA office for details specific to his or her farming operation. Don't delay, enroll today; ask for assistance through the Continuous CRP!



5981 Lakeside Blvd., Indianapolis In 46278

Important Dates

May 30: Last day to enroll in General CRP Sign-up 26.

May 31: Deadline for producers with 2002 corn, soybeans still in storage to request a loan or LDP, if available.

May 31: Last day to certify small grains such as wheat, oats and barley in the southern half of the state.

June 2: Last day to Sign-up for the 2002 and 2003 Direct and Counter-cyclical Payment program. (without penalty)

June 6: Sign-up for Crop Disaster Program begins.

July 15: Last day to certify all crops, not listed above for entire state.

President Bush Signs New Disaster Aid Package

Congress passed, and President Bush has signed the Agriculture Assistance Act of 2003. The Farm Service Agency is committed to getting assistance into the hands of affected producers as soon as possible. Listed below are two programs that can help drought stricken producers.

Livestock Compensation Program II (LCP II):

In Indiana, 74 counties have already participated in the Livestock Compensation Program. An additional 10 counties have been approved with the passage of Livestock Compensation Program II (LCPII). Producers will be able to participate in these counties due to the late summer 2002 Secretarial Drought Declaration. LCP II will also allow producers in previously approved counties who missed deadlines to participate. It also has been expanded to add catfish. This program is designed to compensate livestock and catfish producers for loss of feed grains and hay during severe

drought, and available in counties, which have received a Secretarial Declaration. Other eligible livestock include Beef Cattle, Dairy Cattle, Sheep, Goats, Buffalo and Beefalo. Producers who are unsure if their county is eligible should contact the FSA Office. Sign-up will begin April 1 and continue until June.

Crop Disaster Program (CDP): This program provides payments for qualifying losses to agricultural commodities due to damaging weather or related conditions in 2001 or 2002. The damages must be in excess of 35 percent for either the 2001 or 2002 crops (but not both). Crop disaster payments are also subject to a formula which

states that the sum of (1) the value of the crop not lost, (2) the disaster payment, and (3) the crop-insurance indemnity, cannot exceed 95 percent of what the crop's value would have been, if there had been no loss. Crop disaster payments will be reduced if the 95 percent limitation is exceeded. The value of the crop not lost and the 95 percent limitation will be valued at either the Actual Production History price election or the NASS season-average price, whichever is higher. Sign-up for the crop program, which will reimburse producers for qualifying crop losses, starts June 6, 2003, with payments to begin shortly thereafter.